

Message Text

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ACTION EUR-12

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TAGS: ECON, SZ

SUBJ: LATEST SWISS ECONOMIC INDICATORS - JUNE 1977

REF: STATE 270634 (1976)

1. SUMMARY: FOLLOWING REPORT PROVIDES LATEST
ECONOMIC FORECAST AND ECONOMIC INDICATORS AVAILABLE FOR
SWITZERLAND. FIGURES ARE IN MILLIONS
OF SWISS FRANCS WITH PERCENTAGE CHANGES SHOWN
FOR PURPOSES OF COMPARISONS. BASIC SOURCES ARE
MAY PUBLICATIONS OF LA VIE ECONOMIQUE, FEDERAL
DEPT OF PUBLIC ECONOMY; SWISS NATIONAL BANK
MONATSBERICHT; AND WIRTSCHAFTSBSPiegel, SEMI-
OFFICIAL OWRKING PAPER OF FEDERAL STATISTICAL OFFICE.
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INFO ON RETAIL SALES AND INDUSTRIAL BRANCHES
IS FROM PRESS REPORTS. END SUMMARY.

2. REVIEW OF MAJOR SWISS INDUSTRIES AT END OF
FIRST QUARTER 1977 SHOWED MIXED PERFORMANCE COM-
PARED TO FIRST AND LAST QUARTERS 1976. FIRMS ARE
CONCENTRATING ON RESEARCH AND DEVELOPMENT OF NEW

PRODUCTS, THOUGH DIMINISHED PROFIT MARGINS ARE PREVENTING MOST FIRMS FROM INCREASING DEVELOPMENT OUTLAYS. MOST FIRMS EXPECTED LITTLE CHANGE IN BACK ORDERS AND PROFITS BUT BELIEVED SALES WOULD IMPROVE SLIGHTLY DURING SECOND QUARTER.

A. METALS AND MACHINES: BACK ORDER OF 7.4 MONTHS REPRESENTS INCREASE OF 2.8 PERCENT FROM END 1976 BUT STILL 20 PERCENT BELOW 1973 AND 1974 LEVEL. NEW ORDERS ARE 2.7 PERCENT ABOVE FIRST QUARTER 1976. PERFORMANCE VARIES ACCORDING TO BRANCH, WITH ALUMINUM AND PRECISION TOOLS LEADING EXPORT SALES.

B. CHEMICALS: SALES CONTINUE TO IMPROVE BUT PRODUCTION IS DOWN SOMEWHAT FROM 1976.

C. WATCH INDUSTRY: JAN/FEB 1977 EXPORTS WERE UP 6.5 PERCENT BY VALUE AND 4.4 PERCENT BY VOLUME OVER SAME PERIOD 1976. HOWEVER, OVERALL FIRST QUARTER 1977 PRODUCTION IS ONLY BACK TO LEVEL OF 1975 WHICH WAS 20 PERCENT BELOW 1974. MANUFACTURERS ARE TURNING INCREASINGLY TO IMPORTS OF LESS EXPENSIVE FOREIGN COMPONENT PARTS, PARTICULARLY FROM HONG KONG, TO KEEP UP WITH DEMAND FOR DIGITAL WATCHES.

D. CONSTRUCTION: HOUSING IS DOWN 16 PERCENT AND OTHER BUILDING IS OFF 7 PERCENT, WHILE CIVIL UNCLASSIFIED

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ENGINEERING PROJECTS ARE UP 2 PERCENT COMPARED FIRST QUARTER 1976.

E. TEXTILE AND CLOTHING EXPORTS SHOW IMPROVEMENT.

3. FEDERAL COUNCILOR/BRUGGER SAID IN LATE APRIL THAT THERE WAS NO END IN SIGHT TO ECONOMIC RECESSION DESPITE LOW INFLATION, UNEMPLOYMENT AND INTEREST RATES. INCREASED IMPORTS MIGHT CAUSE SWISS INFLATION TO RISE. BESIDES CYCLICAL DIFFICULTIES, SWITZERLAND NEEDS TO OVERHAUL OUT-DATED INDUSTRIAL STRUCTURES OVER LONG TERM WHICH WILL RESULT IN MORE ECONOMIC LOSSES AND UNEMPLOYMENT. SWITZERLAND NEEDS TO IMPROVE ITS COMPETITIVENESS THROUGH NEW PRODUCT RELATED RESEARCH AND DEVELOPMENT AND TO OPEN NEW EXPORT MARKETS. BRUGGER SAID NEW RELATIONSHIP IS DEVELOPING BETWEEN PUBLIC AND PRIVATE SECTOR AS STRONGER POLITICAL MEASURES ARE TAKEN

TO PROTECT FREE MARKET ECONOMY. SWISS POLICY
REMAINS AIMED AT CONTROLLING INFLATION, LIMITING
SUPPLY GROWTH RATE BETWEEN 5 AND 6 PERCENT, AND
BALANCED FEDERAL BUDGET.

4. LATEST OFFICIAL ESTIMATES FOR PRODUCTION

ITEM - 1976 - 1977 - 1978

A. NOMINAL GNP - 147,855 - 151,790 - NIL
PERCENT GROWTH - 2.5 - 2.7 - NIL
REAL GNP (1970 PRICES) - 88,075 - 100,120 - NIL
PERCENT REAL GROWTH - 0.5 - 2.1 - NIL

B. REAL GDP (1970 PRICES) - 94,170 - 95,795 - 97,775
PERCENT REAL GROWTH - -0.1 - 1.7 - 2.1
TOTAL YEAR-END EMPLOYMENT (THOUSANDS) - 2,673 - 2,646 - 2,646
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PERCENT CHANGE - -4 - -1 - NIL
PER CAPITA GDP - 35,230 - 36,204 - 36,952
PERCENT PRODUCTIVITY GROWTH - 4.1 - 2.7 - 2.1
5. RETAIL SALES IN APRIL 1977 ROSE 0.4 PERCENT
(DOWN 0.1 PERCENT IN REAL TERMS) COMPARED TO APRIL
1976 DUE TO EASTER HOLIDAYS AND COLD WEATHER. RETAIL
SALES IN MARCH 1977 WERE UP 6.4 PERCENT COMPARED
MARCH 1976. SALES DURING PERIOD MARCH 1976 -
FEB 1977 WERE UP 0.5 PERCENT NOMINALLY
COMPARED SAME PERIOD 1975/76. THIS SHOWS HIGHER
CONSUMPTION DESPITE POPULATION DECLINE.

6. PRICES

ITEM - 1976 - 1977

A. APRIL CPI (1966 EQUALS 100) - 165.5 - 167.4
CHANGE FROM MARCH - -0.1 - -0.1
CHANGE FROM PREVIOUS YEAR - 2.2 - 1.1
CHANGE JAN-APRIL - 0.3 - 0.2

B. APRIL WPI (1963 EQUALS 100) - 147.6 - 149.4
CHANGE FROM MARCH - 0.3 - 0.1
CHANGE FROM PREVIOUS YEAR - -1.1 - 1.2
CHANGE JAN-APRIL - 1.0 - 1.0

C. APRIL EXPORT PRICE CHANGE - 0.6 - 4.7

JAN-MARCH EXPORT PRICE CHANGE - NIL - 3.0

7. MONEY SUPPLY: (M 1 EUQALS CURRENCY IN CIRCULATION

PLUS SIGHT DEPOSITS; M2 EUQLS M1 PLUS TIME DEPOSITS
FEB 1977 WERE UP 0.5 PERCENT NOMINALLY
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C. APRIL EXPORT PRICE CHANGE - 0.6 - 4.7
JAN-MARCH EXPORT PRICE CHANGE - NIL - 3.0

7. MONEY SUPPLY: (. 1EUQLS CURRENCY IN CIRCULATION
PLUS SIGHT DEPOSITS; M2 EUQLS M1 PLUS TIME DEPOSITS
AND RESIDENT-OWNED DEPOSITS IN FOREIGN CURRENCIES; M3 EUQLS
M2 PLUS SAVINGS ACCOUNTS):

A. END MARCH - 1975 - 1977
M1 - 46,387 - 49,392
CHANGE FROM PREVIOUS YEAR - 6.6 - 6.5
M2 - 71,309 - 72,546
CHANGE FROM PREVIOUS YEAR - NIL - 1.7
M3 - 149,622 - 161,114
CHANGE FROM PREVIOUS YEAR - NIL - 7.7

B. INTEREST RATES END-MAY: - 1976 - 1977
CENTRAL BANK DISCOUNT: - 2.5 - 2
CENTRAL BANK LOMARD: - 3.5 - 3
GOVT BOND YIELD: 5.12 - 4.48

8. CENTRAL GOVT FINANCES:
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END MARCH

EXPENDITURES - 2,914.1 - 2,848.1
REVENUES - 2,703.9 - 3,280.8
DEFICIT OR SURPLUS - -210.2 - 432.7

9. LABOR: THOUSANDS) - 1976 - 1977

A. TOTAL EMPLOYEMENT END-MARCH - 2,664 - 2,650
CHANGE FROM PREVIOUS YEAR - -5.9 - -0.5

B. TOTAL UNEMPLOYMENT END-APRIL - 25,936 - 13,780
CHANGE FROM PREVIOUS YEAR - 358.2 - -46.9
UNEMPLOYMENT RATE - 0.9 - 0.5

C. PARTIAL UNEMPLOYMENT END-APRIL -79,737 - 13,097
CHANGE FROM PREVIOUS YEAR - 100 - 83.6

D. FOREIGN WORKERS END-APRIL - 652,100 - 507,575
CHANGE FROM PREVIOUS YEAR - -13.9 - -22.2

E. WAGES END-APR 77 - CHANGE FROM 1976:
PRIVATE SECTOR - 1.9
PUBLIC SECTOR - 0.5

10. TRADE: (BERN 2293 NOTAL).
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Message Attributes

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